

RECORDATION NO. 22006 FILED

JAN 29 '99

11-30AM

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RECORDATION NO. 22006-ABC FILED

JAN 29 '99

11-30AM

January 29, 1999

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Railcar Lease Agreement, dated as of January 29, 1999, a primary document as defined in the Board's Rules for the Recordation of Documents, and two (2) copies of the following secondary documents related thereto: a Bill of Sale, Security Agreement and Assignment of Lease and Rents, all dated as of January 29, 1999.

The names and addresses of the parties to the enclosed documents are:

Railcar Lease Agreement

Lessor: FMB Bank
25 South Charles Street
Baltimore, Maryland 21201

Lessee: Union Tank Company
111 West Jackson Boulevard
Chicago, Illinois 60604

Mr. Vernon A. Williams
January 29, 1999
Page 2

Bill of Sale

Seller: Union Tank Car Company
111 West Jackson Boulevard
Chicago, Illinois 60604

Buyer: FMB Bank
25 South Charles Street
Baltimore, Maryland 21201

Security Agreement

Debtor: FMB Bank
25 South Charles Street
Baltimore, Maryland 21201

Secured Party: Aid Association of Lutherans
4321 North Ballard Road
Appleton, Wisconsin 54919

Assignment of Lease and Rents

Assignor: FMB Bank
25 South Charles Street
Baltimore, Maryland 21201

Assignee: Aid Association of Lutherans
4321 North Ballard Road
Appleton, Wisconsin 54919

A description of the railroad equipment covered by the enclosed documents is:

Two hundred (200) covered hopper railcars -

MLLX 97700 through MLLX 97899, inclusive

Mr. Vernon A. Williams
January 29, 1999
Page 3

Also enclosed is a check in the amount of \$104.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Alvord", with a stylized flourish at the end.

Robert W. Alvord

RWA/bg
Enclosures

JAN 29 '99

11:30AM

SECURITY AGREEMENT

AGREEMENT, dated as of January 29, 1999, from FMB Bank ("Debtor"), having its principal place of business and mailing address at 25 S. Charles Street, 15th Floor, Baltimore, Maryland 21201, in favor of Aid Association for Lutherans, its successors and assigns (the "Secured Party"), having its principal place of business at 4321 North Ballard Road, Appleton, Wisconsin 54919.

WHEREAS, Debtor has agreed to deliver this Security Agreement to Secured Party pursuant to that certain Secured Note Purchase Agreement between Debtor and Secured Party, dated as of January 29, 1999 (the "Note Purchase Agreement"), and the Secured Non-Recourse Note(s) issued pursuant thereto (the "Note(s)") as a condition precedent to Secured Party's extending credit to Debtor pursuant to that Note Purchase Agreement;

NOW, THEREFORE, to induce the Secured Party to extend credit to Debtor, Debtor agrees as follows:

Article ICreation of Security Interest

1. Debtor hereby grants to Secured Party a security interest in the railroad cars described in Exhibit A hereto attached and any and all substitutions, replacements, modifications, additions and accessions thereto or therefor to which Debtor acquires title and the proceeds thereof, including without limitation, insurance proceeds (the "Cars").

2. In addition, Debtor hereby grants to Secured Party an assignment of and security interest in all of Debtor's rights in and to the Railcar Lease Agreement (the "Lease") dated January 29, 1999 and Schedule No. 1 to Railcar Lease Agreement dated January 29, 1999, including all Riders and Schedules thereto (collectively, the "Lease"), between the Debtor, as lessor, and Union Tank Car Company, a Delaware corporation, as lessee (the "Lessee") a Memorandum of which has been recorded with the Surface Transportation Board on Jan 29, 1999 and assigned Recordation No. 22006 and deposited with the Registrar General of Canada on _____, 1999, any and all subleases of the Cars (including, but not limited to an anticipated sublease with Montell USA Inc.), including without limitation any and all rents, reserved rents, proceeds of sale from sale of the Cars, amounts payable by the Lessee in lieu of rent during periods of rental abatement, and any and all other amounts due under the Lease, but excluding in all cases the Excluded Rights and Excluded Payments, as hereinafter defined (hereinafter together with the Cars called the "Collateral"). All sums received shall be held by Secured Party under that certain Assignment of Lease and Rents made as of January 29, 1999 executed by the Debtor in favor of the Secured Party (the "Assignment"), and so long as no Event of Default (as defined in the Note Purchase Agreement) has occurred and is continuing, or, which with the lapse of time or the giving of notice, or both, would constitute such an Event of

Default, all such rents and other sums shall be paid and applied as provided in the Note(s) and the Note Purchase Agreement.

3. The Collateral is given to secure all of the Debtor's obligations under the Note(s) and the Note Purchase Agreement, and all of Debtor's obligations and liabilities arising out of Debtor's covenants, warranties and representations contained herein or in any of the other Loan Documents (as defined herein) (the "Obligations").

4. Notwithstanding the foregoing, so long as no Event of Default (as defined in the Lease) shall have occurred and be continuing, the interests of Secured Party in the Cars shall be subject and subordinate to the Lessee's interest in the Cars under the Lease, and the Secured Party shall not disturb the Lessee's quiet use and possession of the Cars.

5. For the purposes of this Security Agreement, the Note(s), the Note Purchase Agreement, the Assignment and all of the other documents, agreements and instruments entered into in connection herewith and therewith (collectively, together with any amendment or modifications thereto, the "Loan Documents"), the term "Excluded Rights and Excluded Payments" shall mean any and all of the following:

(a) all payments of any indemnity under the Lease, including, without limitation, Rider No. 3 to the Lease, or any of the other documents, instruments or agreements entered into in connection therewith (collectively, the "Operative Agreements"), and all interest in respect thereof, which by the terms thereof are payable to the Debtor (but not those payable to the Secured Party as an additional indemnitee);

(b) any insurance proceeds payable under public liability policies maintained by the Lessee pursuant to the Lease which by the terms of such policies or by the terms of the Lease are payable directly to the Debtor (but not those payable to the Secured Party as an additional indemnitee), and any proceeds of insurance maintained with respect to the Cars by the Debtor in excess of the Stipulated Loss Value of such Cars;

(c) all rights of the Debtor under Rider No. 3 to the Lease and under any Operative Agreement to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor all on account of any such indemnities or payments referred to in paragraph (a) above and to seek legal or equitable remedies to require the Lessee to maintain the insurance coverage referred to in paragraph (b) above, provided that the rights referred to in this paragraph (c) shall not be deemed to include the exercise of any remedies provided for in the Lease other than the right to proceed by appropriate court action, either at law or in equity, to enforce performance by the Lessee of such indemnities or insurance covenants or to recover damages for the breach thereof;

(d) the right of the Debtor, but not to the exclusion of the Secured Party, as provided in any Operative Agreement (i) to receive from the Lessee notices, certificates and other documents and information which the Lessee is required or permitted to give or furnish to

the Debtor pursuant thereto, (ii) to inspect the Cars and all records relating thereto, (iii) to exercise its rights, after written notice to the Secured Party, to perform for the Lessee under Section 20 of the Lease, relating to maintenance and repair, (iv) to cause the Lessee, after written notice to the Secured Party, to perform such acts relating to the marking of equipment as may be requested by the Debtor pursuant to Section 7 of the Lease, and (v) to grant such consents, approvals and waivers as may be required or permitted to be made or given by the Debtor under the Operative Agreements;

(e) whether or not an Event of Default has occurred and is continuing, all rights of the Debtor, to the exclusion of the Secured Party, to compromise or waive any right, remedy or benefit reserved to the Debtor and in which the Secured Party has no interest, as provided in subparagraphs (a) and (b) hereof, or to modify, amend or waive any provision pertaining thereto;

(f) as long as no Event of Default has occurred and is continuing, all rights of the Debtor to assign any or all of its rights, obligations, title or interest under the Lease in accordance with the Lease; provided, however, that (i) the assignee agrees to be bound by all of the terms of the Lease, this Agreement, the Note Purchase Agreement, the Note(s) and the Assignment, (ii) such assignee executes prior to any such assignment such agreements as Secured Party may reasonably require to evidence such assumption and continue the perfection of Secured Party's liens and security interest in Collateral, and (iii) such assignee has a net worth of at least \$50,000,000;

(g) so long as no Event of Default under the Lease or Event of Default under the Note Purchase Agreement shall have occurred and be continuing, all rights of the Debtor, to the exclusion of the Secured Party, as lessor under the Lease, to adjust rent and Stipulated Loss Values in accordance with Section C.1. of Rider No. 2 to the Lease, subject, in each case, to the requirement that the rent and the Stipulated Loss Values will at all times be sufficient to satisfy the scheduled payments of interest on, and the principal of, the Note(s) and all other amounts due thereunder and/or under the Note Purchase Agreement (including the amounts due under Section 5.3 thereof, if any) and all rights of the Debtor relating to the appraisal procedure and determination of fair market rental value set forth in Rider No. 5 to the Lease; and

(h) so long as no Event of Default under the Lease or Event of Default under the Note Purchase Agreement shall have occurred and be continuing, and/or no event or condition exists, which with the passage of time or notice (or both) would become such an Event of Default, all rights of the Debtor, together with the Secured Party, as lessor under the Lease, to enter into, execute and deliver any amendments, modifications, waivers or consents in respect of the Lease which would (i) reduce the amount or delay the time of the payment of any rent, Stipulated Loss Value or damages, (ii) modify, waive or change any of the provisions of Sections 7, 9, 10, 13, 14, 15, 16, Rider No. 1 or Rider No. 5 of the Lease in a manner which would decrease the obligations of Lessee thereunder or (iii) increase the obligations of the Lessor.

Article II
Debtor's Covenants, Representations and Warranties

The Debtor covenants, represents and warrants that:

1. The Cars are leased to Lessee pursuant to the Lease. Except for (i) the security interests granted hereby, and (ii) Lessee's rights under the Lease, Debtor is the sole owner of the Collateral, which is free and will remain free of any lien, security interest or encumbrance created by or through the Debtor, and Debtor will defend the Collateral against all such claims and demands, which Secured Party deems to be adverse to its interests, of any person at any time claiming the same or any interest therein.
2. The Cars constitute goods which are mobile and which are of a type normally used in more than one jurisdiction and the Debtor has its chief executive office in Maryland. The Debtor shall not change the location of its chief executive office without notifying the Secured Party in advance. The Debtor will take no action to permit the Cars to be maintained other than in accordance with the terms of the Lease, and the Debtor will not take any action to permit the Cars to be wasted, misused, abused or to deteriorate, or be used in violation of any law, ordinance or regulation of any governmental authority insofar as it adversely affects the value of the Cars or the security interests granted hereunder.
3. All taxes and assessments upon the Collateral or its operation or use shall be paid by Lessee or out of the Collateral.
4. At its option, and without any obligation to do so, Secured Party may discharge or pay any taxes, liens, security interests, or other encumbrances at any time levied or placed on or against the Collateral or Debtor in breach of this Agreement, and may pay for insurance on the Collateral and may pay for its maintenance and preservation. Debtor agrees to reimburse Secured Party on demand for any such payment made, or expense incurred, pursuant to the foregoing authorization.
5. The Collateral will not (except as provided in the Note Purchase Agreement or in this Security Agreement) be sold, transferred, substantially modified (except to the extent permitted in or required by the Lease), pledged, assigned, hypothecated, further encumbered or disposed of by the Debtor, without the prior written consent of the Secured Party.
6. Debtor shall execute from time to time, alone or with Secured Party, any Security Agreements, UCC Financing Statements, UCC Continuation Statements or other documents and do such other acts considered by Secured Party to be reasonably necessary or desirable to perfect or protect the security interests hereby created. All costs and expenses (including without limitation reasonable fees and expenses of counsel and filing fees) related to the preparation and filing of any Security Agreements, UCC Financing Statements, UCC Continuation Statements or other documents related to the perfection or protection of the security interests hereby created shall be paid if not by the Lessee under the Lease then out of the Collateral. If Debtor shall fail

to execute such documents following a request to do so, Debtor hereby authorizes Secured Party as Debtor's agent and attorney in fact to execute and file in any appropriate office Security Agreements, UCC Financing Statements, UCC Continuation Statements and similar instruments signed by Secured Party alone. A carbon, photographic or other reproduction of a financing statement or this or any other security agreement shall be sufficient as a financing statement.

7. The Debtor has delivered to Secured Party the original Lease assigned hereunder. All other copies of the Lease in existence are marked on their faces and signature pages to indicate their status as non-original copies only.

Article III Events of Default

Debtor shall be in default under this Security Agreement upon the happening of any default or Event of Default as set forth in the Note Purchase Agreement.

Article IV Secured Party's Remedies

Subject to the limitation provided in Article V hereof, the following shall apply:

Upon an Event of Default hereunder and so long as it is continuing, Secured Party shall have the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State of Wisconsin and all other applicable laws. Without limiting the generality of the foregoing, Secured Party may, upon an Event of Default hereunder, exercise the following rights and remedies:

1. Secured Party may, subject to Lessee's right of quiet enjoyment, provided no Lease event of default has occurred and is continuing, peaceably by its own means or with judicial assistance enter the premises where any Collateral is located and take possession of the Collateral, or render it unusable, or dispose of the Collateral on such premises, and Debtor will not resist or interfere with such action.

2. Secured Party may, subject to Lessee's right of quiet enjoyment, provided no Lease event of default has occurred and is continuing, require Debtor to assemble all or any part of the Collateral and make it available to Secured Party at any place within the continental limits of the United States designated in a notice sent to Debtor and consistent with the return provisions of the Lease.

3. Debtor hereby agrees that a notice sent to it at least ten (10) days before the time of any intended public sale or of the time after which any private sale or other disposition of the

Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition.

4. If any Event of Default (as defined in the Lease) has occurred and is continuing, subject to Debtor's right to cure Lessee's defaults as set forth in the Note Purchase Agreement, as assignee of Debtor's interest in the Lease, exercise any or all of the rights and powers and pursue any or all of the remedies provided for in the Lease (excepting only Excluded Rights and Excluded Payments).

5. Secured Party may incur reasonable attorneys' fees and expenses in exercising any of its rights and remedies upon default, which fees and expenses shall become part of Secured Party's expenses of retaking, holding, preparing for sale and the like. Debtor will reimburse Secured Party on demand for all such expenses.

6. Debtor agrees that if any warranty or representation contained herein should prove to be untrue or incorrect in any material respect when made, notwithstanding any other provisions contained herein or in any other agreement between the Debtor and Secured Party, the Secured Party may at its option terminate this Agreement and accelerate the loan made in connection with this Agreement, and Debtor shall pay to Secured Party the principal amount due on the Note(s) together with accrued interest, plus costs and expenses incurred by the Secured Party arising out of enforcement of this provision.

Article V Standstill

Notwithstanding any provision hereof to the contrary, the Secured Party agrees that:

1. If it shall proceed to exercise any of the remedies set forth herein, it shall, to the extent that it is entitled to do so hereunder and under the Lease (pursuant to the collateral assignment by Debtor under the Assignment), prior thereto or concurrently therewith proceed to exercise any and all of the similar remedies set forth in the Lease; provided, that the requirement to exercise such Lease remedies shall not apply in circumstances where such exercise has been involuntarily stayed or prohibited by applicable law or court order for a continuous period in excess of ninety (90) days (the "Standstill Period").

2. Any Event of Default arising pursuant to Section 18(a)(4)(B) of the Lease (a "Bankruptcy Default") shall not result in an Event of Default hereunder so long as (i) from and after the 91st day after the imposition of any stay, or similar prohibition of actions pursuant to such Bankruptcy Default (a "Stay") all existing Events of Default are cured and no other Events of Default shall occur and remain uncured, in each such case, by either Debtor or Lessee, or (ii) the Secured Party otherwise agrees to an extension of the Standstill Period.

3. Nothing contained in Section 2 of this Article V shall be deemed to expand or increase the cure rights otherwise available to Debtor under the Note Purchase Agreement.

Article VI Miscellaneous

1. The rights and remedies contained herein are in addition to those granted by Debtor to Secured Party in the various Loan Documents as to the Collateral which is the subject of this Agreement. No delay or omission of the Secured Party to exercise any remedy shall exhaust or impair any remedy of the Secured Party, nor shall any waiver by the Secured Party extend to or be taken to affect any subsequent default. No remedy hereunder is intended to be exclusive of any other remedy, but shall be cumulative to any and every other remedy to which the Secured Party is entitled. The Secured Party shall not be required first to look to, enforce or exhaust any other security, collateral or guarantees.

2. This Security Agreement shall be deemed delivered in the State of Wisconsin and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of Wisconsin.

3. Any notice or notification required to be given or which may be given, shall be given as provided in the Note Purchase Agreement.

4. All the terms, conditions and covenants of this Security Agreement shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

5. This Security Agreement may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

6. Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

7. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Loan Documents and the Lease.

Article VII Non-Recourse

Notwithstanding any provision of the Loan Documents to the contrary, the Obligations shall be satisfied solely out of the Collateral (as defined in the Loan Documents). Without limiting the generality of the foregoing, the Debtor shall have no liability to make any payments

under this Agreement, the Note(s), or any of the other Loan Documents whatsoever except from the Collateral. In addition, the Debtor:

(a) makes no representation or warranty as to, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease or the other Operative Agreements by or against any party thereto (other than the Debtor), or of any of the parties' (other than the Debtor's) respective obligations thereunder, and

(b) shall not be responsible for the performance or observance by any party (other than the Debtor) of any of their respective agreements, representations, indemnities, obligations or other undertakings under the Lease or other Operative Agreements, it being understood that as to all such matters Secured Party will look solely to its rights under this Agreement, the Note Purchase Agreement and the Assignment, against the Collateral and to Secured Party's rights under the Lease and the other Operative Agreements against the parties thereto (other than the Debtor) and the Collateral.

This Article shall not apply to the Debtor's obligations under Sections 1.4 and 4.2 of the Note Purchase Agreement, to a judgment based upon a finding of fraud or material misrepresentation on the part of Debtor, to rent or other payments collected or received by the Debtor contrary to the provisions of any of the Loan Documents, or to a breach of any of the Company's representations or warranties contained in any of the Loan Documents

IN WITNESS WHEREOF, Debtor has caused this Security Agreement to be duly executed as of the date first above written.

DEBTOR:

FMB Bank

By:  (SEAL)
Richard M. Folio

Name: Vice President

Title: _____

COUNTY OF BALTIMORE)
) SS
STATE OF MARYLAND)

On January 28, 1999, before me, the undersigned, a Notary Public, in and for said State, personally appeared Richard M. Folio, known to me to be the Vice President of FMB Bank, that executed the within instrument, known to me to be the person who executed the within instrument on behalf of the banking corporation therein named, and acknowledged to me that such banking corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors, for the purposes and consideration therein expressed.

Deborah J. Hooper
Notary Public, Baltimore City
State of Maryland
My Commission: 7/1/02



Exhibit(s)

A - Cars

EXHIBIT A

DESCRIPTION OF RAILCARS

Two hundred (200) covered hopper railcars bearing the following reporting marks and numbers:

MLLX 97700 through 97899, inclusive.